VZCZCXRO4550 PP RUEHFK RUEHKSO RUEHNAG RUEHNH DE RUEHKO #1204/01 1480730 ZNR UUUUU ZZH P 280730Z MAY 09 FM AMEMBASSY TOKYO TO RUEHC/SECSTATE WASHDC PRIORITY 3284 INFO RUEKJCS/SECDEF WASHDC PRIORITY RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY RUEAWJA/USDOJ WASHDC PRIORITY RULSDMK/USDOT WASHDC PRIORITY RUCPDOC/USDOC WASHDC PRIORITY RUEAIIA/CIA WASHDC PRIORITY RUEKJCS/JOINT STAFF WASHDC//J5// RHHMUNA/HQ USPACOM HONOLULU HI RHHMHBA/COMPACFLT PEARL HARBOR HI RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA// RHMFIUU/USFJ //J5/JO21// RUYNAAC/COMNAVFORJAPAN YOKOSUKA JA RUAYJAA/CTF 72 RUEHNH/AMCONSUL NAHA 6578 RUEHFK/AMCONSUL FUKUOKA 4243 RUEHOK/AMCONSUL OSAKA KOBE 8044 RUEHNAG/AMCONSUL NAGOYA 1843 RUEHKSO/AMCONSUL SAPPORO 4771 RUEHBJ/AMEMBASSY BEIJING 9503 RUEHUL/AMEMBASSY SEOUL 5524 RUCNDT/USMISSION USUN NEW YORK 5272

UNCLAS SECTION 01 OF 13 TOKYO 001204

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA; WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE; SECDEF FOR JCS-J-5/JAPAN, DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR; CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: OIIP KMDR KPAO PGOV PINR ECON ELAB JA

SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 05/28/09

INDEX

- (1) Opposition parties to coordinate policies ahead of next general election; Cautious views heard about "common pledges" regarding security and other policies (Nikkei)
- (2) DPJ Secretary General Okada unveils plan to establish administrative vision team (Asahi)
- (3) Debate on defense fails to gain ground (Yomiuri)
- (4) Behind the scenes of the crisis North Korea's nuclear test (Part 2): U.S. Obama administration wary of nuclear proliferation; "Nuclear arms may fall into hands of Al Qaeda" (Mainichi)
- (5) "In My Opinion: column: Take one step toward "world without nuclear arms"; President Obama's speech may change history (Mainichi)
- (6) Lawmaker Inoue questions GOJ payment of 600 million yen as sympathy money in lieu of compensation for crimes by off-duty U.S. soldiers (Akahata)
- (7) Kadena roaring intensifies (Akahata)
- (8) "Kyoto Protocol is a failure"; Business leaders make requests one after another (Sankei)
- (9) Harmful particulate matter in atmosphere; Environment ministry to set environmental standards for PM2.5 emissions (Asahi)
- (10) METI report expresses concern about reduction in global trade, reflecting Japanese firms' wariness (Yomiuri)

- (11) TOP HEADLINES
- (12) EDITORIALS
- (13) Prime Minister's schedule (Nikkei)

ARTICLES:

(1) Opposition parties to coordinate policies ahead of next general election; Cautious views heard about "common pledges" regarding security and other policies

NIKKEI (Page 2) (Abridged) May 28, 2009

The major opposition Democratic Party of Japan (DPJ) has begun coordinating policies with the Social Democratic Party (SDP) and the People's New Party (PNP) in the hopes of launching a coalition administration with them after the next House of Representatives election. Planning to put together their common policies, the three opposition parties will consider matters centering on a review of the postal privatization program and a shift in the restrained policy course for social security spending. But there are huge gaps in opinions regarding the Constitution and national security. The SDP and PNP are wary that they might lose their political identities and sink into insignificance as a result of the standoff between the Liberal Democratic Party (LDP) and the DPJ.

DPJ Secretary General Katsuya Okada held talks with his SDP and PNP

TOKYO 00001204 002 OF 013

counterparts, Yasumasa Shigeno and Hisaoki Kamei, at a Tokyo hotel yesterday. After the meeting, Okada emphatically said to the press corps, "It would be better to increase common policies ahead of the (next Lower House) election." Specifically, an idea is circulating to combine common areas after the three parties formulate their own manifestos (campaign pledges).

The DPJ, which does not have a working majority in the House of Councillors, needs to continue cooperating with the SDP and PNP. Okada expressed a view before becoming secretary general that his party would aim at a coalition government even if it wins a majority independently through the Lower House election.

If a regime change occurs, common policies would serve as the foundation in talks among the three opposition parties for launching a coalition government. Behind the effort to coordinate policies seems to lie the DPJ's intention to straitjacket the SDP and PNP, which now hold the decisive vote, so that they will not make unreasonable demands in the future.

There are gaps in the degree of eagerness between the SDP and the PNP, however. The PNP is more eager than the SDP to come up with common policies, especially on a review of the postal privatization program.

Some in the DPJ are also cautious about reaching an accord that might automatically set priorities after taking reins of government.

The DPJ's effort to coordinate views with the SDP and PNP is already facing difficulty over a review of the Worker Dispatch Law, to which the two minor parties attach importance. The SDP and PNP are also wide apart regarding foreign and security policies.

The DPJ's policies and key points for cooperation with the SDP and PNP

DPJ's policies Points at issue in policy talks Economic policy, etc. Q Provide child-rearing allowances, remove expressway tolls.

Q Fundamentally review the postal privatization program. Q Completely ban corporate and organizational donations in three years' time. Q In accord on a review of the postal privatization program.

Q The PNP will examine the propriety of a total ban on corporate and organizational donations.

Social security Q Introduce a minimum pension benefit system funded by consumption tax revenues.

- Q Abolish the healthcare system for people aged 75 and older. Q Both the SDP and PNP support the idea of using tax revenues for a new pension system.
- Q Coordination has run into difficulties over the scope of regulations in a review of the Worker Dispatch Law.
- Diplomacy, security policy Q Allow dispatching Self-Defense Force troops overseas to provide assistance to civilians or to engage in antipiracy operations based on a UN resolution, etc.
- Q Promote nuclear disarmament. Q The SDF insists that Japan should uphold Article 9 of the Constitution and is opposed to the overseas dispatch of the SDF.
- ${\tt Q}$ The PNP is against the idea of dispatching the SDF on an antipiracy mission.

TOKYO 00001204 003 OF 013

(2) DPJ Secretary General Okada unveils plan to establish administrative vision team

ASAHI (Page 4) (Excerpts) May 27, 2009

Haruko Kagenishi

Democratic Party of Japan (DPJ) Secretary General Katsuya Okada gave an interview to the Asahi Shimbun on May 26. During the interview, Okada revealed a plan to establish shortly a team tasked with studying an administrative vision centering on President Hatoyama. With the participation of Deputy President Naoto Kan, who has his own plan, and others, the envisaged team intends to formulate a politician-led decision-making system.

The party has already set up a manifesto preparatory committee under Policy Research Committee Chair Masayuki Naoshima. Okada said: "We need a venue to discuss politics beyond policies centering on the president, such as an administrative transitional period. The team will discuss matters, including plans drafted (by the preparatory committee), from a broad perspective." Okada indicated that he is hoping that the final plan will be ready in June.

Kan has come up with his own plan designed to allow a council of the three top DPJ executives who concurrently serve as cabinet ministers to take on the functions of the Prime Minister's Office (Kantei), centering on the DPJ president (prime minister). But it had been left in limbo under former president Ichiro Ozawa. Okada categorically said in the interview that Kan would naturally be a member (of the administrative vision team).

(3) Debate on defense fails to gain ground

YOMIURI (Page 1) (Full) May 28, 2009

Hidemichi Katsumata, editor; Keiichi Honma, Washington Bureau; Shozo Nakayama, political reporter

At a meeting on May 26, the day after North Korea's nuclear test, of the subcommittee on defense policy of the Liberal Democratic Party (LDP) National Defense Division, which will compile recommendations for the revision of the National Defense Program Guidelines (NDPG) to be undertaken by the government by late 2009, the majority was in favor of Japan possessing the "capability to strike enemy bases." Many among the 30 or so participants asserted that this "should be included in the NDPG in terms of securing a deterrent proportionate to the threat," (House of Councillors member Ichita Yamamoto).

The reinforcement of intelligence gathering and other capabilities will be necessary to acquire the capability to attack enemy bases with cruise missiles and bombers, and this will be too time-consuming and expensive for Japan to do on its own. However, Masahisa Sato, a former Ground Self-Defense Force officer who heads the subcommittee's secretariat, noted that, "The renovation of the

Aegis ships for the installation of cruise missiles was surprisingly inexpensive." He thinks that this is feasible with the United States' understanding and cooperation. The government's constitutional interpretation maintains that attacking the enemy bases is possible if there are no other available options for self-defense. Gen Nakatani, chairman of the Research Commission on

TOKYO 00001204 004 OF 013

Security, stresses that, "We should not just sit and wait to die; possessing this capability will constitute a deterrent."

In response to the Taepodong launches in 1998 and the missile crisis in 2006, the government has taken steps such as the introduction of missile defense systems. It is reported that North Korea has deployed over 200 "Nodong" missiles with Japan in their range during this period. LDP lawmakers concerned with defense issues feel that since the UN and the Six-Party Talks are unable to restrain the DPRK from developing missiles and nuclear arms, reactive measures will be too late.

Japan's neighbors have been very sensitive to how North Korea's disruptive behavior will affect Japan.

Russian newspaper "Independent News" reported on the LDP's debate on the capability to strike enemy bases on May 26 and opined that Japan's countermeasure may not be the reinforcement of the American "nuclear umbrella," but "probably the possession of nuclear bombs." South Korea's JoongAng Daily also expressed concern that, "If the international community's efforts are unsuccessful, Japan may go down the road of nuclear armament."

In a telephone conversation with Prime Minister Taro Aso on May 26, U.S. President Barack Obama, who advocates abolition of nuclear arms, reiterated the United States' commitment to provide deterrence, including the "nuclear umbrella." It is believed that this was "meant to preempt calls for nuclear armament," (senior Ministry of Defense official).

However, such a sense of urgency is still absent among government and ruling party officials other than the LDP defense-minded lawmakers and the number one opposition party Democratic Party of Japan (DPJ).

The party leaders' debate on May 27 devoted only five minutes to this issue. Concrete sanctions against the DPRK were not discussed and the exchanges centered on whether the U.S. had given advance notice to Japan. DPJ President Yukio Hatoyama stressed to reporters in the early evening on the same day that, "We should not get engulfed in advocating nuclear armament and should refrain from discussing preemptive strikes on enemy bases."

Fifteen years have passed since the North Korean nuclear crisis of $\P 1994$. The threat has not diminished but has intensified instead. Japan is facing serious issues in terms of its defense capability and diplomatic skills.

(4) Behind the scenes of the crisis - North Korea's nuclear test (Part 2): U.S. Obama administration wary of nuclear proliferation; "Nuclear arms may fall into hands of Al Qaeda"

MAINICHI (Page 1) (Full) May 28, 2009

Kazuhiko Kusano, Washington

About 14 hours after North Korea's underground nuclear test, U.S. President Barack Obama stated at the White House on the morning of May 25 that, "North Korea's actions endanger the people of East Asia (sic; should be "Northeast Asia")." He also pledged to redouble efforts for a "more robust international nonproliferation regime."

TOKYO 00001204 005 OF 013

played golf for about four hours in Virginia that afternoon, as if demonstrating his composure in the face of North Korea's repeated provocations.

The current level of the DPRK's nuclear and missile technology does not present a direct threat to the U.S. mainland. However, North Korea is now posing a direct challenge to the President's ideal of a "world without nuclear weapons" as he advocated in his "Prague speech" in April.

The next day, on May 26, U.S. ambassador to the UN Susan Rice appeared on a TV program and told the American people that, "Our top priority is to prevent North Korea's nuclear materials from being transferred to other countries and rogue states." She disclosed that the inclusion of the inspection of North Korean ships suspected of transporting nuclear or missile-related materials was being considered in the new UN Security Council resolution under discussion. This is because North Korea has a record of past offenses.

In a report submitted to Congress in March, Director of National Intelligence Dennis Blair enumerated the DPRK's proliferation activities, such as selling ballistic missiles to Middle East countries dabbling in nuclear arms development, including Iran; and assisting Syria with constructing nuclear reactors.

According to Blair, "North Korea might find a nuclear weapons or fissile material transfer more appealing" for the regime's survival if it faces an extreme economic crisis, for instance.

Harvard University Professor Graham Allison, who was assistant secretary of defense under the Clinton administration, gave an even more ominous warning. He told the Associated Press in an interview: "The international community regularly underestimates North Korean leader Kim Jong Il's willingness to do the unexpected. He could sell a nuclear bomb to (the international terrorist organization Al Qaeda's) Osama bin Laden."

Meetings of the preparatory committee for the Nuclear Non-proliferation Treaty (NPT) Review Conference were held at the UN headquarters until May 15. Representatives of the 190 UN member states and NGOs were all excited by President Obama's message on strengthening the NPT regime. The committee was even able to decide on an agenda, something it failed to do last time (in 2005) under the Bush administration. One diplomat who participated in the meeting observes that, "North Korea's nuclear test has poured cold water on this effort." North Korea has announced its withdrawal from the NPT and conducted nuclear tests repeatedly. This diplomat expresses the sentiment of many others: "Countries abiding by their obligations under the NPT feel that it's all in vain." The Obama administration is facing a critical moment in which it has to decide whether to apply stronger pressure or to persist with the "dialogue policy."

(5) "In My Opinion: column: Take one step toward "world without nuclear arms"; President Obama's speech may change history

MAINICHI (Page 10) (Full) May 28, 2009

TOKYO 00001204 006 OF 013

Takakazu Kuriyama, president of Asian Affairs Research Council, former deputy minister of foreign affairs and ambassador to the U.S.

The speech delivered by U.S. President Barack Obama in Prague, the Czech Republic on April 5 may be remembered as a major speech that will change the history of the world in the 21st Century significantly. This author hopes that this will be the case.

The Obama speech was unusual on two counts. First, he clearly declared the achievement of a world without nuclear weapons as a policy goal of the United States. Second, he also indicated that U.S. action toward this end will be based on its "moral responsibility as the only nuclear power to have used a nuclear

weapon." No other U.S. president has ever made such a public statement before.

The postwar world has had to coexist in anxiety with weapons that should never be used again. This fragile peace has been maintained with great difficulty based on two rules - one is the rule of mutual deterrence or the so-called "balance of terror," and the other is the nuclear nonproliferation regime under the Nuclear Nonproliferation Treaty (NPT).

Serious rifts have emerged in the international order for the management of nuclear arms based on these two rules toward the end of the 20th Century. There has been an increase in the number of de facto nuclear powers, though such is not allowed under the NPT regime. In addition, there is now a real possibility of nuclear weapons proliferating to stateless groups unaffiliated with any government, such as terrorist organizations. It is now recognized that enhancing existing rules on deterrence and nonproliferation will not be sufficient to deal with this situation, and a new international order negating the very existence of nuclear arms is necessary. Recent articles by powerful U.S., British, and German politicians calling for the complete abolition of nuclear weapons are also an indication of the popularity of this view. President Obama's speech, likewise, was a result of this sense of crisis.

However, even with President Obama's eloquence, it is impossible to move the world with one speech. The President himself admits that this will be a long and tortuous path. A concrete road map and engaging in joint efforts by mobilizing the international community is indispensable for achieving the ideal of a nuclear-free world. The first steps in this road map that the President needs to take action on are negotiations with Russia on the reduction of nuclear arms and the ratification of the Comprehensive Test Ban Treaty. Both represent formidable hurdles, but there can be no future and no abandonment of nuclear arms by North Korea without overcoming them.

The second distinguishing feature of the Obama speech - declaring that the United States has the moral responsibility to take the lead in abolishing all nuclear weapons - touches the heart of the Japanese people, and above that, raises the important question of how Japan ought to deal with the President's posture. My answer to this question is to have a Japanese prime minister visit Pearl Harbor (USS Arizona Memorial) and then for President Obama to come to Hiroshima.

The success of such an exchange of visits would depend on whether public opinion in both countries understands correctly its purpose and significance. The visits would not be made as a gesture of

TOKYO 00001204 007 OF 013

apology or atonement. If such a negative meaning is attached to them, the visits will undoubtedly fail and leave behind lasting wounds in Japan-U.S. relations. The trip by the Japanese and U.S. leaders to Pearl Harbor and Hiroshima, respectively, should be for the purpose of offering prayers for the repose of the soul and for peace and making a pledge for Japan and the United States to walk side by side on the long road toward a world without nuclear weapons.

If the people of both countries understand the exchange of visits as such, the final reconciliation between Japan and the United States, which is yet to be accomplished after World War II, will be achieved. A true partnership based on mutual trust will then be born.

(6) Lawmaker Inoue questions GOJ payment of 600 million yen as sympathy money in lieu of compensation for crimes by off-duty U.S. soldiers

AKAHATA (Page 1) (Full) May 27, 2009

It has been found that the U.S. government did not pay compensation to victims of crimes and accidents involving off-duty U.S. Forces Japan (USFJ) personnel, and the Japanese government paid "sympathy money" as a "relief measure" on its behalf in 24 cases in Okinawa,

amounting to some 233 million yen, and in 27 cases in mainland Japan, amounting to 149 million yen, from FY1972 to FY2008.

Furthermore, even in cases where the U.S. government paid compensation, the payment was short of the amount ordered by the court, and the Japanese government paid the difference to the victims as sympathy money in five cases in Okinawa, amounting to approximately 182 million yen, and in two cases in mainland Japan, involving some 68 million yen, since 1996. The total amount of the sympathy money was 632 million yen.

The above was disclosed by Director General Genzo Inoue of the Ministry of Defense (MOD) Bureau of Local Cooperation at the House of Councillors Committee on Foreign Affairs and Defense on May 26 in response to a question from Japanese Communist Party (JCP) member Satoshi Inoue.

The Japan-US Status of Forces Agreement (SOFA) on the legal status of the USFJ stipulates that the U.S. government will pay compensation to the victims of crimes and accidents involving off-duty U.S. soldiers in cases where the culprits fail to do so. However, if the U.S. side also fails to do so, SOFA stipulates that the Japanese government will assume the payment in the form of sympathy money.

Furthermore, there have been cases where the compensation paid was short of the amount ordered by the court. The final report of the Japan-U.S. Special Action Committee on Okinawa (SACO) in 1996 provides for the Japanese government's payment of the difference.

Satoshi Inoue admitted that, "The important thing is that the victims receive an amount close to the compensation they are entitled to in the end," but he stressed that, "Such payment should be made by the U.S. soldiers, and failing that, the United States should assume the payment." He asserted that the Japanese government should demand the reimbursement of the sympathy money it has paid on

TOKYO 00001204 008 OF 013

behalf of the U.S. side.

(7) Kadena roaring intensifies

AKAHATA (Page 1) (Full) May 28, 2009

The U.S. military has been conducting Okinawa-based fighter jets' flight training missions at Air Self-Defense Force bases in the process of realigning U.S. forces in Japan. This relocation of U.S. military jets from Okinawa to ASDF bases in Japan's mainland prefectures for bilateral joint training exercises, however, has not mitigated the island prefecture's burden of hosting the U.S. Kadena Air Base, the Akahata Shimbun learned yesterday. This was clarified by the government in its reply to the memorandum on questions from Seiken Akamine, a House of Representatives member of the Japanese Communist Party. The government has reiterated that it would alleviate Okinawa's base-hosting burden, but this government explanation has now been upset by its own noise monitoring readouts. The government will inevitably face local reactions.

In the past, the ASDF's Nyutabaru base in Miyazaki Prefecture has conducted four bilateral joint training exercises with U.S. military jets, broken down into three training exercises with those from Kadena Air Base for a total of 10 days and one with those from Iwakuni Marine Air Station from Yamaguchi Prefecture for a total of four days.

According to the government's reply, noise occurred 109 times on average per day around the Kadena base in fiscal 2006 when Kadena-based fighter jets' flight training missions were yet to be relocated.

The joint training exercises at Nyutabaru were carried out for 10 days. On seven days during that 10-day period, however, the frequency of noise did not decrease at Kadena. On the contrary, it increased there and doubled on some days. At Iwakuni, it increased on all four days.

The government, in its reply, takes the position that "it is difficult to say anything that is certain." At the same time, the government's reply also notes that some of Kadena-based fighter jets' training missions have been moved to ASDF bases. "So," the government says, "we believe that the impact on local residents of noise accompanying flight training has been reduced."

Akamine says: "The government explained that the realignment of U.S. forces in Japan is intended to lessen Okinawa's burden. But that was totally an excuse. This was shown by the government's own data. The real purpose of realigning U.S. forces in Japan is to integrate the Self-Defense Forces and U.S. forces."

Noise frequency at Kadena Air Base and Iwakuni Marine Air Station during U.S. military aircraft's flight training relocated to ASDF Nyutabaru Air Base

Kadena Air Base (109) Sept. 3, 2007 35 Sept. 4, 2007 179 Sept. 2, 2008 135 Sept. 3, 2008 144 Sept. 4, 2008 211

TOKYO 00001204 009 OF 013

Feb. 23, 2009 108 Feb. 24, 2009 121 Feb. 25, 2009 168 Feb. 26, 2009 165 Feb. 27, 2009 72

Iwakuni Marine Air Station (75)

Feb. 12, 2008 168 Feb. 13, 2008 97 Feb. 14, 2008 132 Feb. 15, 2008 105

Figures in parentheses denote FY2006's average per day before training relocation.

(8) "Kyoto Protocol is a failure"; Business leaders make requests one after another

```
SANKEI (Page 19) (Full)
May 23, 2009
```

Business leaders on May 22 made requests to the government one after another concerning international conferences to discuss the post-Kyoto Protocol framework aimed at cutting greenhouse gas emissions. Nippon Steel Corporation Chairman Akio Mimura in a speech pointed out, "The Kyoto Protocol was a diplomatic failure." He called for a cool-headed decision from the government when it sets a mid-term goal to be achieved by 2020 before the end of June.

As reasons for the failure of the pact, Mimura cited that the U.S. and Canada did not join it and that global emissions increased as much as 40 PERCENT. Underscoring that 1990 was a year when "the results of the energy-conserving efforts made by Japan since the oil crises were seen," he called on the government to duly evaluate the energy-saving efforts made thus far in setting a mid-term goal.

Japan Iron and Steel Federation on the 22nd presented its view with Nippon Steel Corporation Vice President Shindo noting, "National interests should be taken into consideration." Federation of Electric Power Companies of Japan Chairman Shosuke Mori, President of Kansai Electric Power, during a press conference held the same day said, "I want the government to proudly say that (a 4 PERCENT increase) is the result of Japan's hard-working efforts to tackle the global environment issue."

(9) Harmful particulate matter in atmosphere; Environment ministry to set environmental standards for PM2.5 emissions

```
ASAHI (Page 1) (Full)
May 28, 2009
```

Concerning "PM2.5" particulate matter, which is suspended in the atmosphere and can cause lung cancer or cardiovascular disorders if inhaled, the Environment Ministry has firmed up a plan to set up environmental standards on the same level as those of the U.S., which is advanced in regulating particulates. Since PM2.5 is smaller than previously regulated substances, it is believed to be linked to serious health hazards. The ministry will present the plan at a meeting of the expert committee to be held on May 28. The envisaged guidelines will be formally set as early as this fall.

There are already environmental standards for suspended particulated TOKYO 00001204 010 OF 013

matters (SPM) with diameters of less than 10 micrometers. SPM emissions are regulated under the Air Pollution Control Law and the Automobile NOx -PM Law in large urban areas.

PM2.5, which is included in SPM, represents any particulate matter with a diameter less than 2.5 micrometers. It is mainly contained in diesel fumes and smoke from factory chimney stacks. Since particulate matter is miniscule, it has been difficult to identify. It enters deep into the lungs and tends to remain there. It is believed to be the cause of not only respiratory disorders, which the SMP regulation mainly envisions, but also the cause of lung cancer and cardiovascular disorders. As such, the environment ministry has been discussing the issue over the past two years to set guidelines mainly on PM2.5.

The emissions standards to be proposed are an annual average of 15 micrograms per 1 cubic meter and a daily average of 35 micrograms per cubic meter, which are the same level as set by the U.S. They are more lenient than the World Health Organization's (WHO) guidelines but stricter than the European Union's. The environment ministry says that PM2.5 emissions of those levels are unlikely to cause health hazards.

Emissions in most cities in Japan are believed to top those levels. It is necessary to promote emissions regulations on automobiles and factories. Next on the agenda will be to determine what amount of PM2.5 is emitted from what sources and to what extent such emissions should be regulated. Asthma patients who filed a law suit over air pollution in Tokyo, which reached a settlement in August 2007, had strongly sought the setting of such guidelines. As a result, the formal note of settlement incorporated a proposition that the state consider setting environmental guidelines.

(10) METI report expresses concern about reduction in global trade, reflecting Japanese firms' wariness

YOMIURI (Page 9) (Full) May 28, 2009

The unfair trade report for 2009, released yesterday by the Ministry of Economy, Trade and Industry (METI), expresses strong apprehension about spreading protectionist moves across the nation and subsequent possible reduction in global trade. Regarding China's plan to force foreign manufacturers to disclose key information about their information technology (IT) security products, concerns are growing among Japanese manufacturers. It is imperative for Japan, which has long enjoyed benefits through free trade, to take the lead in strengthening international cooperation to prevent protectionist moves from spreading further.

Calls on China to drop disclosure rule

The Chinese government plans to force foreign firms to disclose source codes for 13 items under the China Compulsory Certification program. The report strongly urges China to scrap its planned IT disclosure rule. Starting in May 2010, countries will become unable to export the 13 items if there is no certification from the Chinese government.

The disclosure of a source code means a technical data leak. An executive of a major electric machinery maker grumbled: "Once the system is introduced, we will not be able to export our

state-of-the-art products. Since only general-purpose items will be shipped, manufacturers in all countries, including China, will surely go down together.

Unstable international cooperative system

The group of 20 (G-20) countries and region, including seven industrialized countries and emerging countries, agreed in its meeting in November 2008 and on other occasions to step up efforts to prevent protectionism.

But an increasing number of countries have begun to make protectionist moves aimed at protecting their domestic industries, against the backdrop of the current serious economic climate.

According to the report and the results of a survey released yesterday by METI, about 130 cases of trade restrictions imposed by 30 countries have been reported since last fall. These reports note that, out of the 130 cases, 24 cases involving nine countries could affect the Japanese economy or corporate operations, such as a Buy American provision that requires the U.S. government to use only U.S.-made products in public works projects and Russia's increased tariffs on autos and other products.

The 2009 unfair trade report expresses strong apprehension about the fact that the international mechanism of cooperation in preventing protectionism has not properly functioned.

The foreign trade statistics for April - released yesterday by the Finance Ministry - showed that the value of exports dropped 39.1 percent from the same period a year ago. As long as global trade remains sluggish, Japan's exports will never boost again.

More countries to be subject to study

The report added two more countries - Argentine and Ukraine - to the list of countries whose trade issues must be looked into, reflecting a growing sense of alarm about the spread of protectionist moves.

Argentine introduced in November 2008 the import-licensing system for such metal products as elevators. Many cases have been reported in which cargos that arrived at ports in that nation have been left on the ships as import permission has not been issued. Under such a situation, some Japanese exporters reportedly have begun to give up exports to Argentine.

Japan has also asked these countries to drop such protectionist systems. The government intends to step up monitoring operations from now.

Major protectionist trade measures following outbreak of financial crisis

The U.S. Introduces a "Buy American" provision to require only U.S.-made products to be used in public works projects. Russia Raises tariffs on autos, agriculture machines and some steel products.

China To introduce a compulsory certification program (but decides to postpone the move by one year).

Ukraine Raises tariffs on autos and refrigerators.

India To impose its own standards for steel products (but decides to postpone the move by one year).

TOKYO 00001204 012 OF 013

Argentine Introduces an import-permission system for metal products such as elevators.

Indonesia Restricts imports in five areas, such as electric appliances and food.

(11) TOP HEADLINES

Asahi: Mainichi: Yomiuri: Tokyo Shimbun:

General Motors likely to apply for bankruptcy due to failure of debt reduction talks

Nikkei:

Government panel calls for easier access to social security by non-regular workers

Sankei:

Internet banking: Accounts at three major banks illegally transferred to other accounts

Akahata:

Petition for free medical services for people aged 75 years or older receives major response

(12) EDITORIALS

Asahi:

- (1) We want to see party head talks every week, if specific points at issue are discussed
- (2) Number of suicide victims exceeds 30,000: Safety net should be rebuilt

Mainichi:

- (1) Party head talks: Why don't they hold such talks every week?
- (2) Pension crisis: Do not delay in reforming system

Yomiuri:

- (1) Party head talks lacked policy debate
- (2) Personnel selection by Japan Post: Full account needed before reappointing Nishikawa as president

Nikkei:

- (1) Hold party head talks every week to compete over issues in dispute concerning upcoming Lower House election
- (2) Will reform drive in Mongolia make headway?

Sankei:

- (1) Party head talks: Vie with each other with distinguished options
- (2) Encircling North Korea: Go ahead with financial sanctions and ship inspections

Tokyo Shimbun:

- (1) Party head talks: Key points cannot be understood through long talks
- (2) UNSC: Take united action for effective sanctions

Akahata:

- (1) Nuclear-free world: Generate moves to scrap nuclear weapons from grass-roots activities
- (13) Prime Minister's schedule,

TOKYO 00001204 013 OF 013

NIKKEI (Page 2) (Full)

- 09:16 Met Deputy Chief Cabinet Secretary Asano at the Kantei.
- 10:01 Attended an Upper House plenary session.
- 11:11 Met Administrative Reform Promotion Headquarters Head Chuma and former education minister Suzuki. Chuma stayed behind.
- 13:00 Met Lower House member Jiro Akama, with deputy chief cabinet secretaries Matsumoto and Asano. Matsumoto and Asano stayed behind. Asano stayed on.
- 14:49 Met Chief Cabinet Secretary Kawamura and Asano.
- 15:00 Attended a party head debate at the Diet.
- 16:18 Met U.S. General Electric Chairman and CEO Jeffrey Immelt.
- 16:56 Met UN FAO Director General Diouf, with former agriculture minister Tanizu.
- 17:34 Met representatives of six local organizations, including Fukuoka Governor Aso.
- 18:44 Met Qatar Crown Prince Tamim.
- 19:22 Hosted a dinner party.

20:34 Met METI Minister Nikai.

20:38 Met Foreign Ministry's Vice Minister Yabunaka, Foreign Policy Bureau Director General Bessho, and Asian and Oceanian Affairs Bureau Director General Saiki.

21:05 Videotaped a message for a regular general meeting of the Japan Business Federation, with public relations officer Ogawa present.

21:35 Called Brazilian President Lula.

22:03 Returned to his official residence.

ZUMWALT